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SENSITIVE
SIPDIS

DEPT PASS AID AFR/SD FOR CURTIS, ATWOOD AND SCHLAGENHAUF
DEPT PASS TO USTDA-PAUL MARIN, EXIM-JRICHTER
DEPT PASS TO USTR-AGAMA
JOHANNESBURG FOR NAGY
USDOE FOR GEORGE PERSON
TREASURY FOR PETERS AND IERONIMO
DOC FOR 3317/ITA/OA/BURRESS AND 3130/USFC/OIO/ANESA/REED

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TAGS: [EFIN](#) [EPET](#) [ECON](#) [SENV](#) [PREL](#) [ENRG](#) [PGOV](#) [ELAB](#) [NI](#)
SUBJECT: NIGERIA: TREASURY DELEGATION MEETS WITH GON AND NGOS

REF: A) ABUJA 1139
B) ABUJA 1290

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SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY.

11. (SBU) Summary: Treasury Senior Advisor Ian Solomon and Senior G-20 Policy Advisor Robin Ritterhoff visited Abuja from July 12-15 to meet with the Governor of the Central Bank of Nigeria, the Minister of State for Finance, representatives of the Nigerian Extractive Industries Transparency Initiative (NEITI), non-governmental organizations, the Country Director for the World Bank, and farmers. The CBN Governor thanked Treasury for its engagement with the CBN and expressed his hope that Treasury will maintain a position of confidence in Nigeria's banking system. The Minister of State for Finance emphasized the need for additional funding for education and health, while the NEITI stated that its 2005 audit report on the oil and gas sector has not yet been released. The World Bank Country Director gave the delegation an overview of the Bank's role in Nigeria. Representatives of civil society organizations stressed the need for financial and capacity building assistance to strengthen their work and role in Nigeria's extractive industry. End Summary.

Central Bank

12. (SBU) Accompanied by the Ambassador, EconOff and Econ Specialist, Senior Advisor to Treasury Secretary Timothy Geithner, Ian Solomon, and Senior Policy Advisor on G-20, Robin Ritterhoff, met briefly with the Governor of the Central Bank of Nigeria Lamido Sanusi. The delegation inquired about changes the Governor has made since he became Governor in June and about the general health of the banking sector. As he did earlier (ref B), Sanusi discussed audits being conducted to determine the financial health of banks. He did not, he said, foresee a systematic crisis in the banking sector, but wants banks to present their true financial position to the public. He is aware of the risk of a loss of confidence by international banks, and noted that they take their signals from the views of the U.S. Sanusi thanked Treasury for its engagement with the CBN and expressed his hope that the U.S. will maintain a position of confidence in Nigeria's banking system. He indicated that they would appreciate technical assistance and capacity building support from Treasury (Note: The Ambassador, on July 24, transmitted a

letter from Treasury containing an offer of technical assistance to deal with problems related to the global financial crisis. End Note).

13. (SBU) Sanusi and his staff indicated that the results of the re-launched Wholesale Dutch Auction process were positive. (Note: the Wholesale Auction was suspended in January due to foreign currency supply shortage and reintroduced on July 13. End Note). Sanusi believes the auctions will provide some exchange rate stability, which together with the downward trend on inflation should help rebuild confidence. Also, at the meeting the Governor confirmed to the Ambassador his attendance of the AGOA Forum, scheduled for August 4-6 in Nairobi.

Minister of State for Finance

14. (SBU) Accompanied by EconOff and Econ Specialist, the delegation met with the Minister of State for Finance, Aderemi Babalola, to discuss the general health of the Nigerian economy. Babalola touched on many issues, including the affects of the global financial crisis on Nigeria and the need for increased expenditure in the health and education sectors.

15. (SBU) With regard to the global financial crisis, he stated that Nigeria was not affected as much as other countries, but that Nigeria would have been in a tremendous trouble if the crisis had occurred 6-7 years ago since the banks were weak before the 2004-05 consolidation.

NEITI

16. (SBU) The delegation met with the leadership of the Nigerian

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Extractive Industries Transparency Initiative (NEITI), accompanied by EconOff and Econ Intern. NEITI is mandated by law to promote transparency and accountability in the management of Nigeria's oil, gas and mining revenues. NEITI Chairman Professor Humphrey Asobie thanked the USG, especially USAID, for the support it has provided his organization. Solomon congratulated Asobie on the NEITI's accomplishments to-date and asked the status of the 2005 audit report. Asobie reported that the report has been completed; however, it will not be released until it is presented to the Federal Executive Council (FEC) and approved by the National Assembly. He expressed concern over the lack of leadership and commitment toward revenue transparency in the National Assembly and that bickering in the National Assembly might bog down the approval and release of the 2005 audit.

17. (SBU) Asobie expressed distress over the delay in the submission of the 2005 audit report, which they attributed to the slow start of their organization (2004) due to lack of funding. Asobie said that the 2006, 2007, and 2008 audits will be completed together, and the contract for the audit work, expected to cost \$3 million, will be award within a few weeks. Funding, he said, is a constant challenge that bears on the NEITI's ability to hire more professional staff to conduct audits in a timely manner. NEITI officials would be receiving World Bank funding to look into the mining sector. Asobie maintained that the three new regulatory agencies proposed in the Petroleum Industry Bill should facilitate NEITI's job since they would have oversight responsibilities on oil and gas revenues.

Civil Society Organizations

18. (SBU) The U.S. delegation held an informal discussion with four civil society organizations: Transparency in Nigeria (national chapter of Transparency International), Civil Society Legislative Advocacy Center, Zero-Corruption Coalition, and Publish What You Pay Nigeria. Asked about progress and challenges facing civil society organizations, the attendees cited lack of funding and institutional capacity.

World Bank

¶9. (SBU) World Bank Country Director Ohno Ruhl stated that the Bank will be coming out with its new country strategy soon. Regarding food security, the Bank is scaling up its agricultural projects, specifically in the area of commercial agriculture, but is challenged by the lack of consistent GON agricultural policies.

Farmers

¶10. (SBU) The U.S. delegation visited a farm sponsored by the Gates Foundation within the Federal Capital Territory (FTC). Local farmers and agro-businesses work with the International Institute for Tropical Agriculture (IITA) on finding the best way to increase crop production and improve the quality of seeds. These farmers are eager for drought resistant crops, particularly maize, as it is the most successful crop in all ecological zones of the country. The farmers noted their perennial problems of persistent drought, weed infestation, pesticide prices, and fertilizer shortages.

¶11. (U) This cable was coordinated with Consulate Lagos.

SANDERS